Quarter 2 Financial Report
For the period ended June 30, 2013

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CIC Crown Investments Corporation of Saskatchewan

Introduction

Crown Investments Corporation of Saskatchewan (CIC) is the Provincial Government's holding corporation for its commercial Crown corporations. CIC has invested equity in its subsidiary corporations and collects dividends from these corporations.

The purpose of the following discussion is to provide users of CIC's financial statements with an overview of its financial health. This narrative on CIC's 2013 second quarter financial results should be read in conjunction with the December 31, 2012 audited consolidated and separate financial statements. The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated interim financial statements are consistent with those disclosed in CIC's December 31, 2012 audited consolidated financial statements, except as described in Note 3 to the unaudited condensed consolidated interim financial statements.

To facilitate greater transparency and accountability, CIC prepares two different sets of financial statements: CIC's consolidated financial statements that report on the commercial Crown sector; and CIC's separate financial statements that reflect its role as a holding corporation for the Province.

CIC Consolidated Financial Statements

CIC's consolidated financial statements include CIC's results consolidated with the results of its subsidiary corporations. The unaudited condensed consolidated interim financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and include:

- Financial results of subsidiary Crown corporations:

  Saskatchewan Power Corporation (SaskPower)
  SaskEnergy Incorporated (SaskEnergy)
  Saskatchewan Development Fund Corporation (SDFC)
  Saskatchewan Gaming Corporation (SGC)
  Saskatchewan Government Insurance (SGI)
  Saskatchewan Opportunities Corporation (SOCO)
  Saskatchewan Telecommunications Holding Corporation and Saskatchewan Telecommunications (collectively SaskTel)
  Saskatchewan Transportation Company (STC)
  Saskatchewan Water Corporation (SaskWater)

- Financial results of wholly-owned subsidiary share capital corporations:

  Information Services Corporation (ISC) [1]
  CIC Asset Management Inc. (CIC AMI)
  CIC Economic Holdco Ltd.
  CIC Apex Equity Holdco Ltd.[2]
  First Nations and Métis Fund Inc. (FNMF)
  Saskatchewan Immigrant Investor Fund Inc.

[1]Effective May 30, 2013, ISC ceased being a subsidiary Crown Corporation under *The Crown Corporations Act, 199-*, and was continued under *The Business Corporations Act*.
[2]CIC Apex Equity Holdco Ltd. was dissolved effective August 28, 2012.

- Costs incurred by its wholly-owned non-profit subsidiary Gradworks Inc.;
- Dividends paid by CIC to the General Revenue Fund (GRF); and
- CIC's operating costs, public policy expenditures and interest earned on cash, cash equivalent and short-term investment balances.

Consolidated earnings represent the total earnings in the Crown sector, taking into consideration the elimination of all inter-group transactions (i.e. revenues and expenses between Crown corporations and dividends paid by Crown corporations to CIC).

CIC Separate Financial Statements

CIC's separate financial statements are used to determine CIC's capacity to pay dividends to the Province's GRF. The unaudited condensed separate interim financial statements have been prepared in accordance with IAS 27 - *Separate Financial Statements* and IAS 34 - *Interim Financial Reporting* at the request of the Saskatchewan Legislative Assembly. These financial statements are intended to isolate the Corporation's cash-flow and capital and operating support for certain subsidiary corporations. These financial statements include:

- Dividends from subsidiary corporations (SaskPower, SaskTel, SaskEnergy, SGI, SGC, SOCO, ISC and CIC AMI);
- Dividends paid by CIC to the GRF;
- Grants to subsidiary corporations; and
- CIC's interest revenue on cash and short-term investment balances and operating costs.

Consolidated Financial Statements

Management's Discussion and Analysis

Forward-Looking Information

Throughout the quarterly report, and particularly in the following discussion, are forward-looking statements. These statements can be recognized by terms such as "outlook", "expect", "anticipate", "project", "continue" or other expressions that relate to estimations or future events. By their nature, forward-looking statements require assumptions based on current information, management experience and historical performance. Forward-looking information is subject to uncertainties, and, as a result, forward-looking statements are not a guarantee about the future performance of CIC and its subsidiary corporations.

Readers should not place undue reliance on forward-looking statements, as a number of factors could cause actual results to differ materially from estimates, predictions and assumptions. Other factors that can influence performance include, but are not limited to: weather conditions, commodity markets, general economic and political conditions, interest and exchange rates, performance and competition in the Crown sector, and the regulatory environment. Given these uncertainties, assumptions contained in forward-looking statements may or may not occur.

Major Lines of Business

CIC is involved in a broad array of industries through various forms of investment. A number of investments are held as wholly-owned subsidiaries, while others are associates, joint ventures and joint operations, held through CIC's wholly-owned subsidiaries.

Management's Discussion & Analysis (MD&A) highlights the primary factors that have an impact on the consolidated financial results and operations of CIC. It should be read in conjunction with CIC's unaudited condensed consolidated interim financial statements and supporting notes for the period ended June 30, 2013. These unaudited condensed consolidated interim financial statements have been prepared in accordance with IAS 34 - *Interim Financial Reporting*.

The unaudited condensed consolidated interim financial statements do not include all the disclosures included in CIC's annual audited consolidated financial statements. Accordingly, these unaudited condensed consolidated interim financial statements should be read in

Major Lines of Business (continued)

conjunction with CIC's December 31, 2012 audited consolidated financial statements. The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated interim financial statements are consistent with those disclosed in CIC's December 31, 2012 audited consolidated financial statements, except as described in Note 3 to the unaudited condensed consolidated interim financial statements.

For purposes of the MD&A on CIC's consolidated results, "CIC" refers to the consolidated entity. The following table lists wholly-owned subsidiaries, including the respective business line, which CIC consolidates in its financial statements:

Investment	Major Business Line
Saskatchewan Power Corporation (SaskPower)	Electricity
Saskatchewan Telecommunications Holding Corporation and Saskatchewan Telecommunications (collectively SaskTel)	Telecommunications
SaskEnergy Incorporated (SaskEnergy)	Natural Gas Storage and Delivery
Saskatchewan Water Corporation (SaskWater)	Water and Waste Water Management
Information Services Corporation of Saskatchewan (ISC)	Registry Services
Saskatchewan Government Insurance (SGI)	Property and Casualty Insurance
Saskatchewan Gaming Corporation (SGC)	Entertainment
CIC Asset Management Inc. (CIC AMI)	Investments
Saskatchewan Opportunities Corporation (SOCO)	Research Parks
Saskatchewan Development Fund Corporation (SDFC)	Inactive
Saskatchewan Transportation Company (STC)	Passenger and Freight Transportation

Utilities Insurance Entertainment Investment and Economic Growth Transportation

Significant Event Impacting 2013 Consolidated Results

Discontinued Operation

Pursuant *to The Information Services Corporation Act*, effective May 30, 2013, ISC ceased being a subsidiary Crown Corporation under *The Crown Corporations Act, 1993*, and was continued under *The Business Corporations Act*. Until July 9, 2013, CIC continued to control ISC through ownership of 100.0 per cent of the 17,500,000 outstanding Class A Limited Voting Shares and therefore ISC operations will be consolidated to that date.

Effective July 9, 2013 and pursuant to an Initial Public Offering (IPO) on the Toronto Stock Exchange, CIC sold 10,500,000 of the Class A Limited Voting Shares of ISC at $14.00 per share. Effective July 17, 2013, and pursuant to an over-allotment option included in the IPO, CIC sold a further 1,575,000 Class A Limited Voting Shares of ISC at $14.00 per share. On a combined basis, these transactions resulted in a sale of 69.0 per cent of CIC's interest in ISC for proceeds of $169.1 million before expenses. The impact of these transactions will be included in the September 30, 2013 condensed consolidated interim financial statements.

As a result of the above, ISC is considered a discontinued operation as at June 30, 2013 and its assets and liabilities have been classified as held for sale as at that date.

For further information please see Note 6 to the condensed consolidated interim financial statements and Note 9 to the condensed separate interim financial statements.

Subsidiary Corporation Earnings (Losses) (millions of dollars) (unaudited)	For the six months ended June 30 2013	 June 30 2012 (restated)
SaskPower	**$ 132.1**	$ 73.9
SaskTel	**28.2**	53.6
SaskEnergy	**53.5**	37.2
SGI	**24.7**	43.2
CIC AMI	**(0.3)**	1.9
SGC	**11.4**	13.1
ISC	**9.7**	10.5
SaskWater	**2.4**	2.3
STC	**(0.3)**	(0.1)
SOCO	**2.1**	2.8
SIIF	**-**	2.2
CIC (separate) and Other	**(15.8)**	(28.1)
Net earnings	**$ 247.7**	$ 212.5

The Corporation's consolidated net earnings for the six months ended June 30, 2013 were $247.7 million (2012 - $212.5 million) or $35.2 million higher than the same period in 2012. SaskPower and SaskEnergy were the main contributors to the earnings improvement, partially offset by significant earnings decreases at SaskTel and SGI.

Revenue

Revenue for the the first six months of 2013 was $2,391.6 million (2012 - $2,180.7 million) or a $210.9 million increase over the same period in 2012 primarily related to:

1. A $113.8 million increase in SaskPower revenue due primarily to: (a) a system-wide average rate increase of 5.0 per cent that became effective January 1, 2013; (b) an increase of 559 gigawatt hours (GWh), or 5.7 per cent, in sales volumes to Saskatchewan customers, including growth in all customer classes; and (c) a $25.0 million increase in export revenue due to higher average export sales prices and increased sales volumes to Alberta;
2. A $96.7 million increase in SaskEnergy revenue due mainly to: (a) a 6.9 petajoule increase in sales volumes due mainly to the weather being 13.0 per cent colder than normal and 25.0 per cent colder than the same period in 2012; partially offset by: (b) lower commodity prices which averaged $3.81 per gigajoule (GJ) in the first six months of 2013 versus $4.31 per GJ during the same period in 2012;
3. A $7.1 million increase in SaskTel revenue due mainly to: (a) increased wireless revenue from customer growth and increased data usage; (b) increased *maxTV* revenues resulting from increased customer accesses and increased revenue per customer; and (c) increased internet revenues due to high speed internet customer growth; partially offset by, (d) decreased SaskTel International revenue; and (e) lower access and enhanced services revenue, due to residential and Centrex access decreases related to competition and wireless replacement; and
4. An $8.9 million increase in SGI revenue due mainly to premium growth. Net premiums in Saskatchewan increased 5.9 per cent with personal business lines, personal auto and agro business contributing the majority of the increase. Alberta operations experienced growth in premiums written of 20.8 per cent, with auto business contributing the majority of the increase. Premiums written in the Maritimes increased 6.3 per cent with Nova Scotia and Prince Edward Island supplying the majority of the increase as a result of increased auto policy writings. Ontario premiums written decreased by 12.8 per cent primarily due to a decline in auto policies given that improved overall auto industry results in recent years has resulted in increased competition in that market.

Revenue (continued)

These increases were partially offset by:

5. A $3.5 million decrease in SGC revenue due mainly to lower guest counts and the resulting impact on slot machine revenues. Although guest counts at Casino Regina increased 1.5 per cent from the same period last year, Casino Moose Jaw guest counts decreased 8.9 per cent, resulting in an overall decrease in guest counts of 0.4 per cent.

Expenses

Expenses for the first six months of 2013 were $2,016.8 million (2012 - $1,852.4 million) or a $164.4 million increase from the same period in 2012 primarily related to:

1. A $71.2 million increase in SaskEnergy expenses mainly related to: (a) higher sales volumes attributed to the weather being 13.0 per cent colder than normal and 25.0 per cent colder than the same period in 2012; partially offset by, (b) a lower average cost of natural gas sold which dropped to $3.39 per GJ during the first six months of 2013 compared to $4.51 per GJ during the same period in 2012; and (c) $12.8 million in unrealized gains from gas management activities for the first six months of 2013 versus $22.8 million in unrealized gains for the same period in 2012;
2. A $32.7 million increase in SaskPower expenses mainly related to: (a) higher fuel and purchased power costs as a result of increased generation volumes and an unfavourable change in the fuel mix; and (b) increased depreciation and amortization expense as a result of significant investments in property, plant and equipment; partially offset by, (c) decreased operating expenses largely as a result of lower overhaul and maintenance costs;
3. An increase of $28.9 million in SaskTel expenses primarily due to a $20.0 million increase in goods and services purchased. This increase is primarily to support the growth areas of wireless and *maxTV*, as well as increased contract, software licenses and maintenance, consulting costs, and salaries and benefits due to salary restructuring and economic increases;
4. A $32.4 million increase in SGI expenses due mainly to a 24.4 per cent increase in claims; primarily in Saskatchewan, Manitoba and Alberta. Saskatchewan experienced large ice damming claims, and higher losses in personal and agro business lines, partially offset by lower summer storm losses compared to the same period in 2012. Manitoba experienced a higher number of personal business line claims as well as large commercial business line losses. Alberta experienced a higher number of claims across all business lines and large auto losses. SGI also incurred $2.5 million of claims due to the catastrophic flooding that occurred in Alberta in June, 2013, versus no Alberta storm claims during the same period in 2012.
5. A $12.2 million increase in CIC AMI expenses mainly related to $12.4 million in investment impairment losses including $8.0 million on Terra Grain Fuels Inc.

Capital Spending

In the first six months of 2013, property, plant and equipment, intangible asset and investment property purchases were $758.6 million (2012 - $638.0 million). Major 2013 capital expenditures included:

1. $545.1 million at SaskPower including: (a) $294.0 million on the Boundary Dam Unit 3 refurbishment; (b) $64.0 million on renewing generation assets including $13.0 million on refurbishment of Unit #6 at the Island Falls Hydroelectric Station; (c) $72.0 million to connect customers to the electric system; (d) $75.0 million to increase capacity and sustain transmission and distribution infrastructure; (e) $15.0 million on Service Delivery Renewal projects; and (f) $12.0 million on Information Technology projects. SaskPower also added the North Battleford Generating Station to its generation fleet via a long-term power purchase agreement that took effect June 5, 2013;
2. $137.5 million at SaskTel primarily due to increased spending on Fibre to the Premises and continued improvements to the 4G and Long term Evolution (LTE) wireless networks;
3. $56.9 million at SaskEnergy mainly to expand capacity and maintain the integrity of its extensive distribution and transmission systems; and
4. $11.0 million at SaskWater including $9.5 million on supply to new customers, $0.3 million on system expansion projects for existing customers and $1.2 million on system upgrades and infrastructure management for existing assets.

In the first six months of 2013, investment purchases were $689.3 million (2012 - $342.2 million) or an increase of $347.1 million. The majority of the increase related to: (a) a $286.1 million increase at SGI and a $53.2 million increase at CIC AMI attributed to efforts to manage short and long-term investment portfolio asset mixes during the period; (b) a $9.9 million increase in investment purchases by the Saskatchewan Immigrant Investor Fund Inc. (SIIF) reflecting new loans to builders and developers under the Headstart on a Home Program; and (c) a $4.4 million increase at FNMF due mainly to funding investment commitments for Red Dog Holdings Inc. ($2.0 million), Infinite Investments Inc. ($1.8 million), and Glenmor LP ($1.3 million) approved in 2012.

Debt at June 30, 2013 was $6,005.7 million (December 31, 2012 - $5,709.7 million), an increase of $296.0 million due mainly to: (a) a $278.1 million increase in SaskPower debt which was mainly used to fund a portion of its $545.1 million in year to date capital expenditures; (b) a $78.3 million increase in SaskTel debt which was mainly used to fund a portion of its $137.5 million in year to date capital expenditures; and (c) a $20.4 million increase in SIIF debt reflecting further amounts received from the Government of Canada's Immigrant Investor Program which is restricted for use in Saskatchewan's Headstart on a Home Program. These increases were partially offset by: (d) a $68.5 million decrease in SaskEnergy debt reflecting repayment of a portion of its notes payable; and (e) a $9.9 million decrease at ISC due to its debt being reclassified to liabilities held for sale at June 30, 2013.

Liquidity

CIC and its subsidiary Crowns finance capital requirements through internally generated cash flow and borrowing. The GRF borrows in capital markets on behalf of Crowns. The GRF has sufficient access to capital markets for anticipated borrowing requirements.

Province of Saskatchewan Credit Ratings on Long-Term Debt as at June 30, 2013

Moody's Investor Service	Aa1
Standard & Poor's	AAA
Dominion Bond Rating Service	AA

Liquidity and Capital Resources

Cash Flow Highlights (millions of dollars) (unaudited)	**For the six months ended June 30 2013**	June 30 2012 (restated)
Net cash from operating activities	**$ 552.9**	$ 404.1
Net cash used in investing activities	**(500.3)**	(648.4)
Dividends paid	**(164.8)**	(117.3)
Repayment of equity advances	**(143.0)**	-
Debt proceeds received	**215.0**	323.6
Debt repaid	**(5.3)**	(3.6)
Other financing activities	**87.7**	41.2
Change in cash and cash equivalents	**$ 42.2**	$ (0.4)

Operating, Investing and Financing Activities

Net cash from operating activities for the six months ended June 30, 2013 was $552.9 million (2012 - $404.1 million) or an increase of $148.8 million. A $35.2 million increase in net earnings and a $47.2 million increase in cash inflows from adjustments to reconcile net earnings to cash from operating activities resulted in an overall cash impact from earnings which was $82.4 million higher than the same period in 2012 (see details in Note 10 to the unaudited condensed consolidated interim financial statements). Net cash from operating activities was also positively impacted by a $85.8 million increase in cash inflows from changes in non-cash working capital balances; partially offset by a $17.5 million increase in interest paid, attributed to higher consolidated debt balances; and a $2.0 million increase in cash used in operating activities from discontinued operations.

Net cash used in investing activities for the six months ended June 30, 2013 was $500.3 million (2012 - $648.4 million). The $148.1 million decrease in cash outflows is primarily related to:

1. $632.3 million in higher proceeds from the sale and collection of investments due mainly to increased proceeds of $374.8 million at SGI and $105.1 million at CIC AMI due to turning over investment portfolios to manage short and long-term investment portfolio mixes during the period. Also contributing to the increase was higher proceeds from the sale and collection of investments of $120.0 million at CIC (separate) which was primarily used to fund dividends and equity repayments to the GRF;

   These inflows were partially offset by:

2. A $347.1 million increase in investment purchases including: (a) increases of $286.1 million at SGI and $53.2 million at CIC AMI related to re-alignment of the portfolio asset mix during the period; (b) a $9.9 million increase in purchases by SIIF reflecting new loans to builders and developers under the Headstart on a Home Program; and (d) a $4.4 million increase at FNMF due to funding investment commitments approved in 2012 prior to discontinuance of the program; and
3. A $120.6 million increase in capital expenditures.

Liquidity and Capital Resources (continued)

Operating, Investing and Financing Activities (continued)

Net cash used in financing activities for the six months ended June 30, 2013 was $10.4 million versus a $243.8 million cash inflow for the same period in 2012. The incremental cash outflow of $254.2 million was due to:

1. A $143.0 million repayment of equity advances to the GRF in 2013, whereas there was no repayment in the same period in 2012;
2. A $108.6 million decrease in debt proceeds;
3. A $47.5 million increase in dividends to the GRF; and
4. A $1.7 million increase in debt repayments.

These increases in cash outflows were partially offset by:

5. A $38.0 million increase in proceeds from notes payable;
6. An $8.6 million increase in cash inflows from other financing activities.

Debt Management

CIC and its subsidiary Crowns prudently manage debt to maintain and enhance financial flexibility. The CIC Board has approved debt targets for CIC and its commercial subsidiaries that take into account their individual circumstances and industry benchmarks.

Outlook

CIC's outlook related to net earnings is highly dependent upon the performance and management of the subsidiary corporations. Earnings expectations are also subject to many variables including: weather conditions, commodity markets, general economic and political conditions, interest and exchange rates, performance and competition, and the regulatory environment.

CIC projects continued strong operating performance. Net earnings are largely driven by utility Crowns that have relatively stable operating environments, firm or growing customer demand, and rates that are set in accordance with commercial principles. CIC anticipates significant ongoing challenges including maintaining and expanding utility infrastructure at SaskPower and SaskEnergy, as well as keeping pace with industry technological change at SaskTel. Significant capital expenditures in these companies are expected in the medium term. Future earnings will also decrease due to the sale of 69.0 per cent of ISC in the third quarter of 2013.

In addition, continued volatility in financial markets may further affect valuation of pension liabilities, portfolio investments, and natural gas price management instruments.

Crown Investments Corporation of Saskatchewan
Condensed Consolidated Interim Statement of Financial Position
As at
(thousands of dollars)
(unaudited)

	Note	June 30 2013	December 31 2012 (Restated Note 3)	January 1 2012 (Restated Note 3)
ASSETS				
Current				
Cash and cash equivalents		**$ 351,904**	$ 328,027	$ 371,781
Short-term investments		**195,859**	448,188	409,264
Accounts receivable		**607,849**	664,010	602,070
Restricted cash and cash equivalents		**96,339**	70,940	62,617
Derivative financial assets		**71,953**	56,428	84,092
Inventories		**405,697**	411,662	378,368
Prepaid expenses		**186,372**	168,053	164,491
Assets held for sale	6	**40,924**	-	-
		1,956,897	2,147,308	2,072,683
Restricted cash and cash equivalents		**4,854**	4,872	4,900
Investments		**1,231,807**	1,230,124	1,078,190
Investments in equity accounted investees		**84,985**	85,914	99,970
Property, plant and equipment		**10,253,117**	9,112,247	8,239,329
Investment property		**173,802**	175,694	174,789
Intangible assets		**330,141**	328,531	270,929
Other assets		**20,986**	23,609	21,624
		$ 14,056,589	$ 13,108,299	$ 11,962,414
LIABILITIES AND PROVINCE'S EQUITY				
Current				
Bank indebtedness		**$ 5,064**	$ 5,724	$ 11,347
Trade and other payables		**620,021**	716,784	683,639
Derivative financial liabilities		**74,659**	96,767	150,813
Notes payable		**1,232,747**	1,149,319	696,464
Deferred revenue		**466,599**	437,133	408,704
Provisions		**164,728**	150,645	159,588
Current portion of finance lease obligations		**6,488**	5,680	4,198
Long-term debt due within one year		**207,921**	157,701	56,276
Liabilities held for sale	6	**20,608**	-	-
		2,798,835	2,719,753	2,171,029
Provisions		**479,903**	464,683	444,498
Finance lease obligations		**1,135,732**	436,690	440,139
Long-term debt		**4,564,994**	4,402,718	4,019,384
Employee future benefits		**524,435**	641,238	590,385
Other liabilities		**106,299**	103,077	77,998
		9,610,198	8,768,159	7,743,433
Province of Saskatchewan's Equity				
Equity advances		**908,889**	1,051,839	1,051,839
Contributed surplus		**125**	125	125
Retained earnings		**3,699,734**	3,616,900	3,457,933
Accumulated other comprehensive loss	8	**(162,357)**	(328,724)	(290,916)
		4,446,391	4,340,140	4,218,981
		$ 14,056,589	$ 13,108,299	$ 11,962,414
Commitments and contingencies	9			

(See accompanying notes)

Crown Investments Corporation of Saskatchewan
Condensed Consolidated Interim Statement of Comprehensive Income
For the Period
(thousands of dollars)
(unaudited)

	Note	2013 April 1 to June 30	2013 January 1 to June 30	2012 April 1 to June 30 (Restated Note 3)	2012 January 1 to June 30 (Restated Note 3)
INCOME FROM OPERATIONS					
Revenue		**$ 1,166,925**	**$ 2,391,583**	$ 1,027,180	$ 2,180,658
Other income		**5,531**	**5,937**	4,231	4,937
		1,172,456	**2,397,520**	1,031,411	2,185,595
EXPENSES					
Operating		**600,025**	**1,169,417**	447,654	1,056,500
Salaries, wages and short-term employee benefits		**216,660**	**432,905**	204,395	411,892
Employee future benefits		**8,556**	**18,296**	7,918	17,053
Depreciation and amortization		**157,384**	**313,156**	147,360	292,915
Loss on disposal of property, plant and equipment		**2,719**	**2,946**	5,381	7,385
Impairment losses		**4,453**	**11,818**	-	-
Research and development		**185**	**331**	374	424
Saskatchewan taxes and fees		**35,942**	**67,956**	33,348	66,189
		1,025,924	**2,016,825**	846,430	1,852,358
RESULTS FROM OPERATING ACTIVITIES		**146,532**	**380,695**	184,981	333,237
Finance income		**9,378**	**39,834**	11,362	42,793
Finance expenses		**(109,075)**	**(195,001)**	(77,463)	(170,208)
NET FINANCE EXPENSES		**(99,697)**	**(155,167)**	(66,101)	(127,415)
EARNINGS FROM OPERATIONS		**46,835**	**225,528**	118,880	205,822
Share of net earnings from equity accounted investees		**2,049**	**7,503**	1,898	3,589
EARNINGS FROM CONTINUING OPERATIONS		**48,884**	**233,031**	120,778	209,411
Net gain (loss) on sale of equity accounted investees		**4,927**	**4,927**	(7,428)	(7,428)
Net earnings from discontinued operations	6	**6,673**	**9,705**	7,892	10,520
NET EARNINGS		**60,484**	**247,663**	121,242	212,503
OTHER COMPREHENSIVE INCOME (LOSS)					
Defined benefit plan actuarial gains (losses)		**99,593**	**122,635**	(107,601)	(59,825)
Share of changes in comprehensive income recognized by associates		**-**	**3**	66	144
Unrealized gain (loss) on cash flow hedges		**25,514**	**34,613**	(1,740)	(1,770)
Realized gain on cash flow hedges		**-**	**9,192**	-	-
Amounts amortized to net earnings and included in net finance expenses		**(69)**	**(76)**	-	-
Foreign currency translation adjustments		**-**	**-**	(99)	(23)
OTHER COMPREHENSIVE INCOME (LOSS)		**125,038**	**166,367**	(109,374)	(61,474)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO THE PROVINCE OF SASKATCHEWAN		**$ 185,522**	**$ 414,030**	$ 11,868	$ 151,029

(See accompanying notes)

Crown Investments Corporation of Saskatchewan
Condensed Consolidated Interim Statement of Changes in Equity
For the Period
(thousands of dollars)
(unaudited)

	Attributable to the Province of Saskatchewan				
	Equity Advances	Contributed Surplus	Retained Earnings (Restated Note 3)	Accumulated Other Comprehensive Loss (Restated Notes 3 and 8)	Total Equity (Restated Note 3)
Balance at January 1, 2012	$ 1,051,839	$ 125	$ 3,457,933	$ (290,916)	$ 4,218,981
Total comprehensive income (loss)	-	-	212,503	(61,474)	151,029
Dividends to GRF	-	-	(127,050)	-	(127,050)
Balance at June 30, 2012	$ 1,051,839	$ 125	$ 3,543,386	$ (352,390)	$ 4,242,960
Balance at July 1, 2012	$ 1,051,839	$ 125	$ 3,543,386	$ (352,390)	$ 4,242,960
Total comprehensive income	-	-	226,514	23,666	250,180
Dividends to GRF	-	-	(153,000)	-	(153,000)
Balance at December 31, 2012	$ 1,051,839	$ 125	$ 3,616,900	$ (328,724)	$ 4,340,140
Balance at January 1, 2013	**$ 1,051,839**	**$ 125**	**$ 3,616,900**	**$ (328,724)**	**$ 4,340,140**
Total comprehensive income	**-**	**-**	**247,663**	**166,367**	**414,030**
Repayment of equity advances to GRF	**(142,950)**	**-**	**-**	**-**	**(142,950)**
Dividends to GRF	**-**	**-**	**(164,829)**	**-**	**(164,829)**
Balance at June 30, 2013	**$ 908,889**	**$ 125**	**$ 3,699,734**	**$ (162,357)**	**$ 4,446,391**

(See accompanying notes)

Crown Investments Corporation of Saskatchewan
Condensed Consolidated Interim Statement of Cash Flows
For the Period
(thousands of dollars)
(unaudited)

	Note	2013 January 1 to June 30	2012 January 1 to June 30 (Restated Note 3)
OPERATING ACTIVITIES			
Net earnings		**$ 247,663**	$ 212,503
Adjustments to reconcile net earnings to cash from operating activities	10	**457,460**	410,264
		705,123	622,767
Net change in non-cash working capital balances related to operations		**25,187**	(60,631)
Interest paid		**(173,933)**	(156,396)
Defined benefit pension plan contributions		**-**	(121)
Cash provided by operating activities from continuing operations		**556,377**	405,619
Cash used in operating activities from discontinued operations	6	**(3,448)**	(1,484)
Net cash from operating activities		**552,929**	404,135
INVESTING ACTIVITIES			
Interest received		**13,719**	15,222
Dividends received		**1,361**	5,277
Purchase of investments		**(689,295)**	(342,197)
Proceeds from sale and collection of investments		**949,251**	316,980
Purchase of property, plant and equipment		**(710,227)**	(582,569)
Proceeds from (costs related to) sale of property, plant and equipment		**272**	(909)
Purchase of intangible assets		**(46,721)**	(50,672)
Purchase of investment property		**(1,650)**	(4,775)
Increase in restricted cash and cash equivalents		**(25,381)**	(12,138)
Increase in other assets		**8,412**	7,418
Net cash used in investing activities		**(500,259)**	(648,363)
FINANCING ACTIVITIES			
Increase in notes payable		**93,363**	55,393
Increase in other liabilities		**16,995**	5,504
Debt proceeds from GRF		**195,120**	295,346
Debt proceeds from other lenders		**19,832**	28,225
Debt repayments to other lenders		**(5,272)**	(3,605)
Sinking fund instalments		**(22,702)**	(19,722)
Repayment of equity advances to GRF		**(142,950)**	-
Dividend paid to GRF		**(164,829)**	(117,317)
Net cash (used in) from financing activities		**(10,443)**	243,824
NET CHANGE IN CASH AND CASH EQUIVALENTS DURING PERIOD		**42,227**	(404)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD		**322,303**	360,434
CASH AND CASH EQUIVALENTS, END OF PERIOD		**$ 364,530**	$ 360,030
Cash and cash equivalents consists of:			
Cash and cash equivalents from continuing operations		**$ 351,904**	$ 359,576
Bank indebtedness from continuing operations		**(5,064)**	(17,019)
		346,840	342,557
Cash and cash equivalents from discontinued operations		**17,690**	17,473
		$ 364,530	$ 360,030

(See accompanying notes)

1. General information

Crown Investments Corporation of Saskatchewan (CIC) is a corporation domiciled in Canada. The address of CIC's registered office and principal place of business is 400 - 2400 College Avenue, Regina, SK, S4P 1C8. The condensed consolidated interim financial statements of CIC comprise CIC and its subsidiaries (collectively referred to as "CIC" or "the Corporation") and CIC's interest in associates, joint ventures and joint operations with principal activities as described in Note 4 a).

The results included in these condensed consolidated interim financial statements should not be taken as indicative of the performance to be expected for a full year due to the seasonal nature of corporate operations.

2. Basis of preparation

a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 - *Interim Financial Reporting*. The condensed consolidated interim financial statements do not include all of the information required for full annual financial statements, and accordingly should be read in conjunction with the December 31, 2012 audited consolidated financial statements.

The condensed consolidated interim financial statements were authorized for issue by the Board of Directors on August 27, 2013.

b) Functional and presentation currency

These condensed consolidated interim financial statements are presented in Canadian Dollars, which is CIC's functional currency.

3. Changes in accounting policies
(thousands of dollars)

a) IFRS 11, *Joint Arrangements*

Effective January 1, 2013, CIC adopted IFRS 11, *Joint Arrangements*, which replaced IAS 31, *Interests in Joint ventures*. This new standard was applied retrospectively.

IFRS 11 requires a party to a joint arrangement to determine the type of arrangement, either a joint operation or a joint venture, by assessing its rights and obligations arising from the arrangement. The option of recognizing a proportionate share of assets, liabilities, revenue and expenses for jointly controlled entities has been eliminated under IFRS 11.

Under IAS 31, the Corporation classified its investments in the Cory Cogeneration Station (Cory) and Foragen Technologies Limited Partnership (Foragen) as jointly controlled entities and accounted for these investments using the equity method.

The Corporation has determined that upon adoption of IFRS 11, its investment in Cory meets the definition of a joint operation and will recognize its proportionate share of assets, liabilities, revenues and expenses in the condensed consolidated interim financial statements.

The Corporation has determined that upon adoption of IFRS 11, the investment in Foragen meets the definition of a joint venture and will continue to be accounted for using the equity method.

Under IAS 31, the Corporation classified its investments in the Kisbey Gas Gathering and Processing Facility, and the Totnes Natural Gas Storage Facility as jointly controlled assets and included its proportionate share of the related assets, liabilities, revenues and expenses in the condensed consolidated interim financial statements. Under IFRS 11, these investments meet the definition of joint operations and the Corporation will continue to recognize its proportionate share of assets, liabilities, revenues and expenses in the condensed consolidated interim financial statements.

3. Changes in accounting policies (continued)

a) IFRS 11, *Joint Arrangements* (continued)

The impact upon adoption of the new standard is as follows:

Condensed Consolidated Interim Statement of Financial Position

	January 1 2012	December 31 2012
Increase in cash and cash equivalents	**$ -**	$ 1,388
Increase in prepaid expenses	**118**	142
Decrease in investments in equity accounted investees	**(40,762)**	(43,403)
Decrease in total assets	**$ (40,644)**	$ (41,873)
Decrease in bank indebtedness	**$ (1,844)**	$ (61)
Decrease in trade and other payables	**(859)**	(936)
Increase in deferred revenue	**5,083**	4,734
Increase in current portion of finance lease obligations	**566**	5
Increase in long-term debt due within one year	**3,830**	4,168
Increase in provisions - long-term	**4,321**	4,536
Decrease in finance lease obligations - long-term	**(118,267)**	(116,793)
Increase in long-term debt	**66,526**	62,474
Decrease in total liabilities	**$ (40,644)**	$ (41,873)

Condensed Consolidated Interim Statement of Comprehensive Income

	2012 January 1 to June 30	2012 January 1 to December 31
Increase in operating expenses	**$ 437**	$ 1,242
Increase in finance income	**(10)**	(17)
Decrease in finance expenses	**(3,817)**	(8,116)
Decrease in share of net earnings from equity accounted investees	**3,390**	6,891
Change in total comprehensive income	**$ -**	$ -

3. Changes in accounting policies (continued)

b) IAS 19, *Employee Benefits*

Effective January 1, 2013, CIC adopted the amendments to IAS 19, *Employee Benefits*. The amendments were applied retrospectively. The amendments require re-measurements to be recognized immediately in other comprehensive income and all current service costs and interest expense to be recognized immediately in net earnings. Interest expense is calculated by applying the discount rate to the net accrued benefit obligation. In addition, under the revised standards, the cumulative amount of actuarial gains and losses recorded in other comprehensive income related to CIC's defined benefit plans will no longer be transferred to retained earnings and will remain in accumulated other comprehensive loss. The impact upon the adoption of the new standard is as follows:

Condensed Consolidated Interim Statement of Financial Position

	January 1 2012	December 31 2012
Increase in employee future benefits	**$ 2,061**	$ 1,470
Increase in retained earnings	**288,151**	320,896
Decrease in accumulated other comprehensive loss	**(290,212)**	(322,366)
Change in total liabilities and Province's equity	**$ -**	$ -

Condensed Consolidated Interim Statement of Comprehensive Income

	2012 January 1 to June 30	2012 January 1 to December 31
Decrease in salaries, wages and short-term employee benefits	**$ (383)**	$ -
Increase in employee future benefits	**7,606**	15,186
Increase in finance expenses	**12,615**	24,699
Decrease in net earnings	**$ (19,838)**	$ (39,885)
Increase in defined benefit plan actuarial gains	**20,134**	40,476
Increase in total comprehensive income	**$ 296**	$ 591

4. Significant accounting policies

The accounting policies and methods of computation used in the preparation of these condensed consolidated interim financial statements are consistent with those disclosed in CIC's December 31, 2012 audited consolidated financial statements, except as described in Note 3.

The accounting policies have been applied consistently to all periods presented in these condensed consolidated interim financial statements and have been consistently applied by CIC's subsidiaries.

a) Basis of consolidation

Subsidiaries

Saskatchewan provincial Crown corporations are either designated as subsidiary Crown corporations of CIC or created as CIC Crown corporations under *The Crown Corporations Act, 1993* (the Act). The Act assigns specific financial and other responsibilities regarding these corporations to CIC.

In addition to the Crown corporations listed below, CIC also consolidates the accounts of Gradworks Inc., a wholly-owned non-profit subsidiary, and the following wholly-owned share capital subsidiaries: Information Services Corporation (ISC)[1], CIC Asset Management Inc.; First Nations and Métis Fund Inc.; CIC Economic Holdco Ltd.; Saskatchewan Immigrant Investor Fund Inc., and CIC Apex Equity Holdco Ltd.[2], all of which are domiciled in Canada.

Separate condensed interim financial statements for CIC have been prepared to show the financial position and results of operations of the corporate entity. In addition, condensed interim financial statements for each of the undernoted Crown corporations, which are consolidated in these financial statements, are prepared and released publicly:

Wholly-owned subsidiaries domiciled in Canada	**Principal activity**
SaskEnergy Incorporated (SaskEnergy)	Natural gas storage and delivery
Saskatchewan Development Fund Corporation (SDFC)	Inactive
Saskatchewan Gaming Corporation (SGC)	Entertainment
Saskatchewan Government Insurance (SGI)	Property and casualty insurance
Saskatchewan Opportunities Corporation (SOCO)	Research parks
Saskatchewan Power Corporation (SaskPower)	Electricity
Saskatchewan Telecommunications Holding Corporation and Saskatchewan Telecommunications (collectively SaskTel)	Telecommunications
Saskatchewan Transportation Company (STC)	Passenger and freight transportation
Saskatchewan Water Corporation (SaskWater)	Water and waste water management

[1]Effective May 30, 2013, ISC ceased being a subsidiary Crown Corporation under *The Crown Corporations Act, 1993*, and was continued under *The Business Corporations Act* (Note 6).
[2]CIC Apex Equity Holdco Ltd. was dissolved effective August 28, 2012.

Associates and joint ventures (investments in equity accounted investees)

Associates are those entities in which CIC has significant influence, but not control, over strategic financial and operating decisions. Significant influence is presumed to exist when CIC holds between 20.0 and 50.0 per cent of the voting power of another entity.

Joint ventures are those entities over whose activities CIC has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions; and provide CIC with rights to the net assets of the arrangement.

Associates and joint ventures are accounted for using the equity method and are recognized initially at cost. CIC's investment includes any goodwill identified at acquisition, net of accumulated impairment losses. The condensed consolidated interim financial statements include CIC's share of the total comprehensive income and equity movements of equity accounted investees, after adjustments to align the accounting policies with those of CIC, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When CIC's share of losses exceeds its interest in equity accounted investees, the carrying amount of that interest is reduced to $Nil and the recognition of further losses is discontinued except to the extent that CIC has an obligation or has made payments on behalf of the investee.

4. Significant accounting policies (continued)

a) Basis of consolidation (continued)

Joint operations

Joint operations are those entities over whose activities CIC has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions; and provide CIC with rights to the assets, and obligations for the liabilities, related to the arrangement. CIC has classified its 50.0 per cent interest in the Kisbey Gas Gathering and Processing Facility, the Totnes Natural Gas Storage Facility and the Cory Cogeneration Station as joint operations.

The condensed consolidated interim financial statements include CIC's proportionate share of joint operation assets, incurred liabilities, income and expenses.

Special purpose entities

CIC has established certain special purpose entities (SPEs) for trading and investment purposes. CIC does not have any direct or indirect shareholdings in these entities. An SPE is consolidated if, based on an evaluation of the substance of its relationship with CIC and the SPE's risks and rewards, CIC concludes that it controls the SPE. SPEs controlled by CIC were established under terms that impose strict limitations on the decision-making powers of the SPE's management and that result in CIC receiving the majority of the benefits related to the SPE's operations and net assets, being exposed to risks incident to the SPE's activities, and retaining the majority of the residual or ownership risks related to the SPE or its assets.

CIC has two SPEs, Meadow Lake Pulp Limited Partnership and 212822 Saskatchewan Ltd. These SPEs are not material to CIC's consolidated results.

Transactions eliminated on consolidation

Inter-group balances and transactions, and any unrealized income and expenses arising from inter-group transactions, are eliminated in preparing the condensed consolidated interim financial statements. Unrealized gains arising from transactions with investments in equity accounted investees are eliminated against the investment to the extent of CIC's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

b) New standards not yet adopted

The following new standards, and amendments to standards and interpretations, are not yet effective for the period ended June 30, 2013, and have not been applied in preparing these condensed consolidated interim financial statements:

IFRS 4, *Insurance Contracts*

The International Accounting Standards Board (IASB) issued exposure draft ED/2010/8, *Insurance Contracts* on July 30, 2010 and would replace IFRS 4, *Insurance Contracts*. The proposals represent the first comprehensive IFRS accounting model for insurance contracts and are expected to have a significant impact on the financial reporting for insurers. The IASB plans to issue a re-exposure document in the first half of 2013. A final standard is expected in 2014, with implementation not expected before 2017.

IFRS 9, *Financial Instruments*

IFRS 9 was issued by the IASB on November 12, 2009 and will replace International Accounting Standard (IAS) 39, *Financial Instruments: Recognition and Measurement*. The standards are to be applied prospectively and will be effective for annual periods beginning on or after January 1, 2015.

IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. Under IFRS 9, financial assets will generally be measured initially at fair value plus particular transaction costs, and subsequently at either amortized cost or fair value. In October 2010, the IASB issued additions to IFRS 9 relating to accounting for financial liabilities. Under the new requirements, an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's credit risk in other comprehensive income, rather than within net earnings. The Corporation is reviewing the standard to determine the potential impact, if any, on the condensed consolidated interim financial statements.

4. Significant accounting policies (continued)

b) New standards not yet adopted

Amendments to IAS 32, *Offsetting Financial Assets and Financial Liabilities*

On December 16, 2011, the IASB issued amendments to IAS 32 as part of its offsetting project. The amendments are to be applied retrospectively and will be effective for annual periods beginning on or after January 1, 2014.

The amendments clarify certain items regarding offsetting financial assets and financial liabilities. The Corporation is reviewing the amendments to determine the potential impact, if any, on the condensed consolidated interim financial statements.

5. Status of CIC

CIC was established by Order in Council 535/47 dated April 2, 1947, and is continued under the provisions of *The Crown Corporations Act, 1993*. CIC is an agent of Her Majesty in Right of the Province of Saskatchewan and as a provincial Crown corporation is not subject to federal and provincial income taxes. Certain associates, joint ventures, joint operations and subsidiaries are not provincial Crown corporations and are subject to federal and provincial income taxes.

6. Discontinued operations and assets held for sale

Pursuant *to The Information Services Corporation Act*, effective May 30, 2013, ISC ceased being a subsidiary Crown Corporation under *The Crown Corporations Act, 1993*, and was continued under *The Business Corporations Act*. Until July 9, 2013, CIC continued to control ISC through ownership of 100.0 per cent of the 17,500,000 outstanding Class A Limited Voting Shares and therefore ISC operations will be consolidated to that date.

Effective July 9, 2013 and pursuant to an Initial Public Offering (IPO) on the Toronto Stock Exchange, CIC sold 10,500,000 of the Class A Limited Voting Shares of ISC at $14.00 per share. Effective July 17, 2013, and pursuant to an over-allotment option included in the IPO, CIC sold a further 1,575,000 Class A Limited Voting Shares of ISC at $14.00 per share. On a combined basis, these transactions resulted in the sale of 69.0 per cent of CIC's interest in ISC for proceeds of $169.1 million before expenses. The impact of these transactions will be included in the September 30, 2013 condensed consolidated interim financial statements.

As a result of the above, ISC is considered a discontinued operation as at June 30, 2013. Assets classified as held for sale are comprised of the following (thousands of dollars):

		June 30 2013
Cash and cash equivalents	$	**17,690**
Accounts receivable		**1,477**
Inventory		**5**
Prepaid expenses		**697**
Property, plant and equipment		**6,791**
Intangible assets		**14,264**
	$	**40,924**

Liabilities classified as held for sale are comprised of the following (thousands of dollars):

		June 30 2013
Trade and other payables	$	**5,064**
Notes payable		**9,935**
Deferred revenue		**5,609**
	$	**20,608**

The impact of discontinued operations on consolidated net earnings and cash flows is comprised of the following (thousands of dollars):

		2013 January 1 to June 30		2012 January 1 to June 30
Revenue	$	**39,333**	$	38,955
Operating expenses		**9,371**		9,927
Salaries, wages and short-term employee benefits		**12,138**		11,791
Employee future benefits		**759**		781
Depreciation and amortization		**3,073**		3,566
Research and development		**4,346**		2,403
		29,687		28,468
Results from operating activities		**9,646**		10,487
Finance income		**116**		99
Finance expenses		**(57)**		(66)
Net finance income		**59**		33
Net earnings from discontinued operations	$	**9,705**	$	10,520
Net cash from operating activities	$	**12,565**	$	12,495
Net cash used in investing activities		**(1,554)**		(3,100)
Net cash used in financing activities		**(14,459)**		(10,879)
Net change in cash and cash equivalents during period	$	**(3,448)**	$	(1,484)

7. Equity advances and capital disclosures

CIC does not have share capital. However, CIC has received advances from the GRF to form its equity capitalization. The advances are an equity investment in CIC by the GRF.

Due to its ownership structure, CIC has no access to capital markets for equity. Equity advances in CIC are determined by the shareholder on an annual basis. Dividends to the GRF are determined through the Saskatchewan provincial budget process on an annual basis.

CIC closely monitors its debt level utilizing the debt ratio as a primary indicator of financial health. The debt ratio measures the amount of debt in a CIC's capital structure. CIC uses this measure in assessing the extent of financial leverage and in turn, its financial flexibility.

Too high a ratio relative to target indicates an excessive debt burden that may impair CIC's ability to withstand downturns in revenues and still meet fixed payment obligations. The ratio is calculated as net debt divided by capitalization at the end of the period.

CIC reviews the debt ratio targets of all its subsidiary Crown corporations on an annual basis to ensure consistency with industry standards. This review includes subsidiary Crown corporations' plans for capital spending. The target debt ratios for subsidiary Crown corporations are approved by the CIC Board. CIC uses targeted debt ratios to compile a weighted average debt ratio for the CIC Crown sector. The target ratio for 2013 is 54.6 per cent.

CIC raises most of its capital requirements through internal operating activities and long-term debt through the GRF. This type of borrowing allows CIC to take advantage of the Province of Saskatchewan's strong credit rating and receive financing at attractive interest rates.

CIC made no changes to its approach to capital management during the period.

The debt ratio is as follows (thousands of dollars):

	June 30 2013	December 31 2012 (Restated Note 3)
Total debt (a)	**$ 6,005,662**	$ 5,709,738
Less: Sinking funds	**(569,517)**	(564,805)
Net debt	**5,436,145**	5,144,933
Equity (b)	**4,608,748**	4,668,864
Capitalization	**$ 10,044,893**	$ 9,813,797
Debt ratio	**54.1%**	52.4%

a) Total debt includes long-term debt, long-term debt due within one year and notes payable.

b) Equity includes equity advances, contributed surplus and retained earnings.

8. Accumulated other comprehensive loss
(thousands of dollars)

	June 30 2013	December 31 2012 (Restated Note 3)
Defined benefit plan actuarial losses	**$ (199,731)**	$ (322,366)
Foreign currency translation adjustments	**(477)**	(477)
Unrealized gains (losses) on cash flow hedges	**37,854**	(5,875)
Share of changes in comprehensive loss recognized by associates	**(3)**	(6)
	$ (162,357)	$ (328,724)

9. Commitments and contingencies

CIC has various legal matters pending which, in the opinion of management, will not have a material effect on CIC's consolidated financial position or results of operations. Should the ultimate resolution of actions differ from management's assessments and assumptions, a material adjustment to CIC's financial position or results of operations could result.

10. Condensed consolidated interim statement of cash flows
(thousands of dollars)

	Note	2013 January 1 to June 30	2012 January 1 to June 30 (Restated Note 3)
Adjustments to reconcile net earnings to cash provided by operating activities			
Depreciation and amortization		**$ 313,156**	$ 292,915
Net earnings from discontinued operations	6	**(9,705)**	(10,520)
Net (gain) loss on sale of equity accounted investees		**(4,927)**	7,428
Share of earnings from investments in equity accounted investees		**(7,503)**	(3,589)
Defined benefit pension plan expense		**704**	1,207
Unrealized gains on derivative financial instruments		**(2,990)**	(11,545)
Inventory (recoveries) write-downs		**(1,191)**	287
Loss on disposal of property, plant and equipment		**2,946**	7,385
Impairment losses		**11,818**	-
Net finance expenses		**155,167**	127,415
Other non-cash items		**(15)**	(719)
		$ 457,460	$ 410,264

11. Fair value of financial instruments

Fair value measurements are categorized into levels within a fair value hierarchy based on the nature of inputs used in the valuation.

Level 1 - Quoted prices are readily available from an active market.
Level 2 - Inputs, other than quoted prices included in level 1 that are observable either directly or indirectly.
Level 3 - Inputs are not based on observable market data.

CIC's financial instruments are categorized within this hierarchy as follows (thousands of dollars):

	June 30 2013			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 351,904	$ -	$ -	$ 351,904
Restricted cash and cash equivalents	101,193	-	-	101,193
Bank indebtedness	5,064	-	-	5,064
Notes payable	1,232,747	-	-	1,232,747
Investments carried at fair value through profit or loss	325,635	1,001,074	10,493	1,337,202
Loans and receivables	-	28,007	-	28,007
Finance lease obligations	-	1,236,675	-	1,236,675
Long-term debt	-	5,753,591	-	5,753,591
Physical natural gas contracts - net	-	10,600	-	10,600
Natural gas price swaps - net	-	(44,090)	-	(44,090)
Electricity contracts for differences - net	-	(52)	-	(52)
Bond forwards - net	-	30,836	-	30,836

12. Comparative figures

Certain of the 2012 comparative figures have been reclassified to conform to the current period's presentation.

Separate Financial Statements

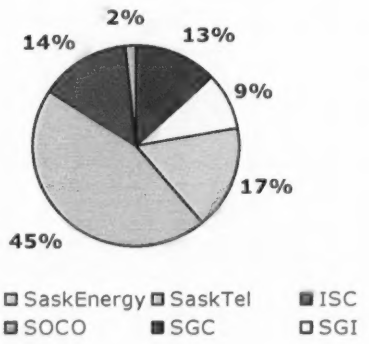
Management's Discussion and Analysis

CIC is the Provincial Government's holding company for its commercial Crowns. CIC has invested equity in its subsidiary Crown corporations and collects dividends from these corporations based on their profitability and financial condition.

This narrative on CIC's separate June 30, 2013 second quarter results should be read in conjunction with the December 31, 2012 audited separate financial statements.

For the purposes of this narrative on CIC's separate financial results, "CIC" refers to the holding company.

Dividend Revenue



Financial Results

CIC Separate Second Quarter Earnings (thousands of dollars) (unaudited)		For the six months ended June 30 2013		June 30 2012
Dividend revenue from subsidiary corporations	$	**80,320**	$	196,978
Add: Finance and other revenue		**1,253**		2,115
Less: Operating, salaries and other expenses		**(7,438)**		(7,323)
Grants to subsidiary corporations		**(7,640)**		(13,129)
Total Separate Earnings	**$**	**66,495**	$	178,641

Net Earnings

Net earnings for the first six months of 2013 were $66.5 million (2012 - $178.6 million) a decrease of $112.1 million from the same period in 2012. The decrease is primarily due to a decrease in dividend revenue of $116.7 million and a decrease in finance and other revenue of $0.9 million. These decreases in revenue were partially offset by a decrease in grants to subsidiary corporations of $5.5 million as compared to same period of 2012.

Dividend Revenue

Dividend revenue for the six months ended June 30, 2013 was $80.3 million (2012 - $197.0 million). The $116.7 million decrease was due to decreased dividends from SaskPower ($120.0 million), CIC Apex Equity Holdco Ltd. ($5.0 million), SGC ($0.3 million) and SOCO ($0.2 million) partially offset by increased dividends from SaskTel ($2.0 million), SGI ($2.6 million), SaskEnergy ($2.1 million) and ISC ($2.1 million).

For the first six months of each year, dividends from subsidiary Crown corporations are based on 50 per cent of their budgeted dividend for the year. The budgeted dividend is calculated under CIC's dividend policy which applies a percentage payout of net earnings based on the overall financial health of the subsidiary Crown and its need for capital investment. These dividend targets are subject to change during the year if there is a significant change in circumstances. For the current year, the dividend at SaskTel is based on 90 per cent of net earnings, SGC is based on 80 per cent of net earnings, SGI and SOCO are based on 65 per cent of net earnings and SaskEnergy is based on 38 per cent of net earnings. In 2012, the CIC Board approved a $120.0 million dividend from SaskPower based on exceptional earnings in 2011. CIC is not budgeting for a dividend from SaskPower in 2013. CIC AMI's dividend is calculated on cash availability, which is determined at year end.

Operating, Salaries and Other Expenses

Operating, salaries and other expenses were $7.4 million for the six months ended June 30, 2013 (2012 - $7.3 million). Costs increased by $0.1 million, primarily due to the Corporation outsourcing its Informational Technology (IT) group in September 2012. Increased operating costs were offset by a decrease in salary and benefit costs due to a reduction of CIC staff, which included the IT staff.

Grants to Subsidiary Corporations

During the first six months of 2013, CIC provided $7.6 million (2012 - $13.1 million) in grants to subsidiary corporations. STC received $6.0 million (2012 - $5.5 million) in grants to support ongoing operations. SaskEnergy received $1.4 million (2012 - $7.4 million) to fund the EnerGuide for Houses program. Gradworks Inc., received $0.3 million (2012 - $0.2 million) to fund its internship program.

CIC's 2013 budget includes public policy and grant funding expenditures as follows: $13.5 million to support ongoing operations at STC; $6.0 million of funding to SaskEnergy for the EnerGuide for Houses program and $0.5 million of operating grants to Gradworks.

Liquidity and Capital Resources

Cash Flow Highlights (millions of dollars) (unaudited)	For the six months ended June 30 2013	June 30 2012
Net cash from operations	**$ 124.2**	$ 142.0
Net cash from investing activities	**157.3**	35.3
Net cash used in financing activities	**(307.7)**	(127.1)
Net change in cash	**$ (26.2)**	$ 50.2

Liquidity

CIC finances its capital requirements through internally-generated cash flow and through borrowing from the GRF. The GRF borrows on CIC's behalf in capital markets.

Operating, Investing and Financing Activities

Net cash from operations for the six months ended June 30, 2013 was $124.2 million (2012 - $142.0 million). The $17.8 million decrease was due mainly to lower net earnings of $112.1 million partially offset by an increase in other non-cash working capital balances related to operations of $93.7 million, due mainly to lower dividends receivable in 2013 compared to 2012.

Net cash from investing activities for the six months ended June 30, 2013 was $157.3 million (2012 - $35.3 million). The difference from period to period is due to reclassifications of cash between cash and cash equivalents and short-term investments. Short-term money market investments are classified as cash and cash equivalents if maturity of the investment is 90 days or less and classified as short-term investments if maturity date is 91 days or more.

Net cash used in financing activities for the six months ended June 30, 2013 was $307.7 million (2012 - $127.1 million). Financing activities consisted of an equity repayment to the GRF of $142.9 million and dividends paid to the GRF of $164.8 million.

Debt Management

CIC as a legal entity has no debt. Currently, CIC does not expect to borrow in 2013.

Outlook and Key Factors Affecting Performance

The key factor affecting CIC's earnings is the level of net earnings and in turn dividends from commercial subsidiary Crown corporations. The CIC Board determines dividends from a commercial subsidiary after allocating cash for reinvestment within the Crown to sustain operations, to grow and to diversify, and for debt reduction if necessary.

CIC regularly assesses the appropriateness of the carrying value for its investments, and writes down an investment if it judges there to be a permanent impairment in carrying value. CIC regularly reviews its investments with private sector partners to determine the appropriateness of retention or sale.

Crown Investments Corporation of Saskatchewan
Condensed Separate Statement of Financial Position
As at
(thousands of dollars)
(unaudited)

	Note	June 30 2013	December 31 2012
ASSETS			
Current			
Cash and cash equivalents		**$ 147,633**	$ 173,836
Short-term investments		**48,977**	208,575
Interest and accounts receivable		**1,151**	1,667
Dividends receivable		**29,283**	87,764
		227,044	471,842
Equity advances to Crown corporations	5	**1,194,918**	1,194,918
Investments in share capital corporations		**93,178**	89,855
Equipment		**352**	387
		$ 1,515,492	$ 1,757,002
LIABILITIES AND PROVINCE'S EQUITY			
Current			
Interest and accounts payable		**$ 2,617**	$ 2,843
Province of Saskatchewan's Equity			
Equity advances		**908,889**	1,051,839
Retained earnings		**603,986**	702,320
		1,512,875	1,754,159
		$ 1,515,492	$ 1,757,002

(See accompanying notes)

Crown Investments Corporation of Saskatchewan
Condensed Separate Statement of Comprehensive Income
For the Period
(thousands of dollars)
(unaudited)

	Note	2013 April 1 to June 30	2013 January 1 to June 30	2012 April 1 to June 30	2012 January 1 to June 30
INCOME FROM OPERATIONS					
Dividend	6	$ 36,044	$ 80,320	$ 46,113	$ 196,978
Other income		45	47	151	152
		36,089	80,367	46,264	197,130
EXPENSES					
Operating		2,229	3,868	2,093	3,342
Salaries and benefits		1,656	3,263	1,555	3,646
Future employee benefit expense		103	247	100	256
Depreciation and amortization		27	55	37	74
		4,015	7,433	3,785	7,318
EARNINGS FROM OPERATIONS		32,074	72,934	42,479	189,812
Finance income		441	1,206	923	1,963
Finance expenses		(2)	(5)	(2)	(5)
NET FINANCE INCOME		439	1,201	921	1,958
EARNINGS BEFORE PUBLIC POLICY INITIATIVES		32,513	74,135	43,400	191,770
Grants to subsidiary corporations	7	(2,838)	(7,640)	(8,965)	(13,129)
NET EARNINGS ATTRIBUTABLE TO THE PROVINCE OF SASKATCHEWAN		29,675	66,495	34,435	178,641
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO THE PROVINCE OF SASKATCHEWAN		$ 29,675	$ 66,495	$ 34,435	$ 178,641

(See accompanying notes)

Crown Investments Corporation of Saskatchewan
Condensed Separate Statement of Changes in Equity
For the period
(thousands of dollars)
(unaudited)

	2013 January 1 to June 30	2012 January 1 to June 30
RETAINED EARNINGS		
Retained earnings - beginning of period	**$ 702,320**	$ 668,391
Total comprehensive income	**66,495**	178,641
Dividend to General Revenue Fund	**(164,829)**	(127,050)
Retained earnings - end of period	**603,986**	719,982
EQUITY ADVANCE		
Equity advances - beginning of period	**1,051,839**	1,051,839
Equity advances received	**-**	-
Equity advances repaid	**(142,950)**	-
Equity advances - end of period	**908,889**	1,051,839
EQUITY ATTRIBUTED TO THE PROVINCE OF SASKATCHEWAN	**$ 1,512,875**	$ 1,771,821

(See accompanying notes)

Crown Investments Corporation of Saskatchewan
Condensed Separate Statement of Cash Flows
For the Period
(thousands of dollars)
(unaudited)

	Note	2013 January 1 to June 30	2012 January 1 to June 30
OPERATING ACTIVITIES			
Net earnings		**$ 66,495**	$ 178,641
Items not affecting cash from operations			
Amortization of discounts and premiums		**123**	121
Depreciation and amortization		**55**	74
Net finance income		**(1,201)**	(1,958)
		65,472	176,878
Net change in non-cash working capital balances related to operations	8	**58,771**	(34,922)
Interest paid		**(5)**	(5)
Net cash from operating activities		**124,238**	141,951
INVESTING ACTIVITIES			
Interest received		**1,206**	1,963
Purchase of investments		**(3,750)**	(6,567)
Decrease in short-term investments		**159,475**	18,375
Repayment of due from CIC Economic Equity Holdco Ltd.		**427**	172
Repayment of due from Apex Equity Holdco Ltd.		**-**	21,387
Purchase of equipment		**(20)**	(16)
Net cash from investing activities		**157,338**	35,314
FINANCING ACTIVITIES			
Repayment of equity advances		**(142,950)**	-
Dividend paid to General Revenue Fund		**(164,829)**	(127,050)
Net cash used in financing activities		**(307,779)**	(127,050)
NET CHANGE IN CASH DURING PERIOD		**(26,203)**	50,215
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD		**173,836**	144,877
CASH AND CASH EQUIVALENTS, END OF PERIOD		**$ 147,633**	$ 195,092

(See accompanying notes)

1. General information

Crown Investments Corporation of Saskatchewan (CIC) is a corporation domiciled in Canada. The address of CIC's registered office and principal place of business is 400 - 2400 College Avenue, Regina, SK, S4P 1C8. CIC was established to act as a holding corporation for the Province's commercial Crown sector. CIC develops broad corporate policy, directs investments for its subsidiaries and provides dividends to the Province's General Revenue Fund (GRF). A list of CIC's subsidiaries is contained in Note 3.

2. Basis of preparation

a) Statement of compliance

The condensed separate financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 - *Interim Financial Reporting*. The policies set out have been consistently applied to all the periods presented unless otherwise noted. CIC's condensed separate interim financial statements are prepared at the request of the Legislative Assembly of Saskatchewan. The condensed separate interim financial statements do not include all of the information required for full annual financial statements, and accordingly should be read in conjunction with the December 31, 2012 audited separate financial statements.

The condensed separate interim financial statements were authorized for issue by the CIC Board of Directors on August 27, 2013.

b) Functional and presentation currency

These condensed separate interim financial statements are presented in Canadian Dollars, which is CIC's functional currency.

3. Status of Crown Investments Corporation of Saskatchewan

CIC was established by Order in Council 535/47 dated April 2, 1947, and is continued under the provision of *The Crown Corporations Act, 1993* (the Act). CIC is an agent of Her Majesty in Right of the Province of Saskatchewan and as a provincial Crown corporation is not subject to federal and provincial income taxes. Certain jointly controlled enterprises and subsidiaries are not provincial Crown corporations and are subject to federal and provincial income taxes.

The Act assigns specific financial and other responsibilities to CIC regarding Crown corporations designated or created as subsidiary Crown corporations of CIC under the Act. The following wholly-owned Crown corporations have been designated or created by Order in Council:

SaskEnergy Incorporated
Saskatchewan Development Fund Corporation
Saskatchewan Gaming Corporation
Saskatchewan Government Insurance
Saskatchewan Opportunities Corporation
Saskatchewan Power Corporation
Saskatchewan Telecommunications
Saskatchewan Telecommunications Holding Corporation
Saskatchewan Transportation Company
Saskatchewan Water Corporation

In addition to the above Crown corporations, CIC is the sole member of Gradworks Inc., a non-profit corporation and the sole shareholder of Information Services Corporation (ISC)[1], CIC Asset Management Inc. (CIC AMI), First Nations and Métis Fund Inc. (FNMF), Saskatchewan Immigrant Investor Fund Inc. (SIIF), and CIC Economic Holdco Ltd., which are wholly-owned share capital subsidiaries.

All subsidiary Corporations are domiciled in Canada.

[1]Effective May 30, 2013, ISC ceased being a subsidiary Crown Corporation under *The Crown Corporations Act, 1993*, and was continued under *The Business Corporations Act* (Note 9).

4. Summary of significant accounting policies

The accounting policies and methods of computation used in the preparation of these condensed separate interim financial statements are consistent with those disclosed in CIC's December 31, 2012 audited separate financial statements.

CIC's condensed separate interim financial statements do not consolidate the activities of its subsidiaries. Other than this exception, the accounting policies have been consistently applied by CIC's subsidiary corporations.

CIC prepares condensed consolidated interim financial statements. The unaudited condensed consolidated interim financial statements have been authorized by the CIC Board of Directors on August 27, 2013. CIC's condensed consolidated interim financial statements should be referenced for further information.

5. Equity advances to Crown corporations

Equity advances to Crown corporations are as follows:
(thousands of dollars)

	June 30 2013	December 31 2012
Saskatchewan Power Corporation	**$ 660,000**	$ 660,000
Saskatchewan Telecommunications Holding Corporation	**250,000**	250,000
Saskatchewan Opportunities Corporation	**120,687**	120,687
Saskatchewan Government Insurance	**80,000**	80,000
SaskEnergy Incorporated	**71,531**	71,531
Saskatchewan Water Corporation	**8,700**	8,700
Saskatchewan Gaming Corporation	**4,000**	4,000
	$ 1,194,918	$ 1,194,918

6. Dividend revenue

Dividend revenue consists of the following:
(thousands of dollars)

	2013 January 1 to June 30	2012 January 1 to June 30
Saskatchewan Telecommunications Holding Corporation	**$ 36,495**	$ 34,515
SaskEnergy Incorporated	**13,680**	11,570
Information Services Corporation	**11,330**	9,232
Saskatchewan Gaming Corporation	**10,128**	10,395
Saskatchewan Government Insurance	**7,500**	4,914
Saskatchewan Opportunities Corporation	**1,187**	1,405
Saskatchewan Power Corporation	**-**	120,000
CIC Apex Equity Holdco Ltd.	**-**	4,947
	$ 80,320	$ 196,978

7. Grants to subsidiary corporations
(thousands of dollars)

	2013 January 1 to June 30	2012 January 1 to June 30
Saskatchewan Transportation Company	**$ 6,000**	$ 5,500
SaskEnergy Incorporated	**1,369**	7,409
Gradworks Inc.	**271**	220
	$ 7,640	$ 13,129

8. Net change in non-cash working capital balances related to operations
(thousands of dollars)

	June 30 2013	June 30 2012
Decrease in interest and accounts receivable	**$ 516**	$ 989
Decrease (increase) in dividends receivable	**58,481**	(35,995)
(Decrease) increase in interest and accounts payable	**(226)**	84
	$ 58,771	$ (34,922)

9. Subsequent event

Pursuant *to The Information Services Corporation Act*, effective May 30, 2013, ISC ceased being a subsidiary Crown Corporation under *The Crown Corporations Act, 1993*, and was continued under *The Business Corporations Act*. Until July 9, 2013, CIC held 100.0 per cent of the 17,500,000 outstanding Class A Limited Voting Shares of ISC.

Effective July 9, 2013 and pursuant to an Initial Public Offering (IPO) on the Toronto Stock Exchange, CIC sold 10,500,000 of the Class A Limited Voting Shares of ISC at $14.00 per share. Effective July 17, 2013, and pursuant to an over-allotment option included in the IPO, CIC sold a further 1,575,000 Class A Limited Voting Shares of ISC at $14.00 per share. On a combined basis, these transactions resulted in the sale of 69.0 per cent of CIC's interest in ISC for proceeds of $169.1 million before expenses. The impact of these transactions will be included in the September 30, 2013 condensed separate interim financial statements.